

Message Text

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ACTION ARA-10

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C O N F I D E N T I A L PANAMA 5317

E.O. 11652: GDS

TAGS: ELAB, EFIN, PN

SUBJECT: BANK WORKERS' UNION POT BOILING AGAIN

REF: A. PANAMA A-79, 4/24/74; B. PANAMA 3342 DTG 112123Z JUN 74

SUMMARY: UNION LETTER REQUESTING DUES CHECKOFF FOR MEMBERS HAS CAUSED LOCAL BANKS TO SEEK FIRM GOP STATEMENT THAT LEGAL RECOGNITION WILL NOT BE GRANTED TO BANK WORKERS' UNION. EMBASSY PERCEIVES CHANCE THAT CONTINUED NON-RECOGNITION MAY CAUSE BANK WORKERS TO BOLT FREE LABOR CONFEDERATION AND JOIN COMMUNIST-DOMINATED ONE, AND WE CONSIDER IT LESS CERTAIN THAT GOP WOULD CONTINUE TO RESIST LEGAL RECOGNITION UNDER THESE CIRCUMSTANCES. POTENTIAL ILL EFFECTS OF COMMUNIST-INFILTRATED OR-CONTROLLED UNION IN PANAMA'S BANKS ARE OBVIOUS, AND WE ARE QUIETLY ATTEMPTING TO FACILITATE COMMUNICATION BETWEEN U.S. BANK REPS AND LABOR TO PREVENT THIS. END SUMMARY.

1. UNTIL PAST FEW WEEKS, SITUATION ON UNIONIZATION OF BANK WORKERS REMAINED ESSENTIALLY SAME AS REPORTED REFS, I.E. EFFORTS CONTINUED TO ORGANIZE WORKERS, SUPPORTED BY INTERNATIONAL FEDERATION OF COMMERCIAL, CLERICAL AND TECHNICAL EMPLOYEES
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(FIET), BUT GOP CONTINUED TO LEAVE UNANSWERED REQUEST FOR

LEGAL RECOGNITION (PERSONERIA JURIDICA) MADE IN SEPTEMBER 1972. ACCORDING TO BOTH BANKING AND LABOR SOURCES, THIS WAS CONSCIOUS POLICY (GENERALLY VOICED TO BAKS BY PRESIDET LAKAS WITH APPROVAL OF GEN. TORRIJOS) TO ENCOURAGE FOREIGN BANKS TO LOCATE IN PANAMA THROUGH ADDED INCENTIVE OF UNION-FREE OPERATION. DESPITE LACK OF FORMAL RECOGNITION, BANK WORKERS AFFILIATED EARLIER THIS YEAR WITH AIFLD-SUPPORTED CTRP, LARGEST LOCAL LABOR CONFEDERATION AND ONE MOST ORIENTED TO TRADITIONAL TRADE UNIONISM. WE UNDERSTAND THIS WAS DONE ON ADVICE OF FIET, WHICH TOLD BANK WORKERS THEY WOULD PROBABLY HAVE BETTER CHANCE OF ACCEPTABILITY TO BANKS, AND HENCE OF GAINING LEGAL RECOGNITION, IF AFFILIATED WITH LESS POLITICIZED LABOR CONFEDERATION.

2. IN RECENT WEEKS, THERE HAS BEEN RECURRING RUMOR IN CTRP THAT BANK WORKERS, DISSATISFIED WITH LACK OF PROGRESS ON LEGAL RECOGNITION AND FEELING THAT CTRP WAS EITHER UNABLE OR UNWILLING TO PROMOTE THEIR CASE WITH SUFFICIENT VIGOR BEFORE GOP, HAVE BEGUN CONSIDERING BREAKING WITH CTRP AND AFFILIATING WITH CNTP (SECOND LARGEST CONFEDERATION, WHICH RECEIVES SUBSTANTIAL COMMUNIST SUPPORT AND IS , TO LARGE EXTENT, COMMUNIST DOMINATED). SECRETARY GENERAL OF CTRP, ANXIOUS TO HEAD THIS OFF, HAS RAISED ISSUE RECENTLY WITH BOTH LABOR MINISTER MURGAS AND WITH TORRIJOS, TO NO AVAIL. LAST WEEK, BANK WORKERS' UNION SENT LETTER TO MANY BANKS WITH ORGANIZED WORKERS (PROBABLY ALL, BUT WE HAVE NOT CONFIRMED THIS DIRECTLY) REQUESTING DUES CHECKOFF PRIVILEGES (ONE PERCENT OF PAY OF LISTED WORKERS TO BE REMITTED TO UNION); UNION COULD DEMAND THIS, UNDER LABOR CODE, IF LEGALLY RECOGNIZED, BUT HAD NO LEGAL RIGHT TO DO MORE THAN REQUEST IT UNDER EXISTING CIRCUMSTANCES. LETTER APPEARS TO HAVE BEEN GENERATED WITHIN BANK UNION LEADERSHIP; FIET HAD NO ROLE IN SENDING IT, AND CTRP ADVISED THAT IT WOULD DO NO GOOD AND SUGGESTED INSTEAD REQUEST FROM INDIVIDUAL MEMBERS FOR DIRECT REMITTANCE TO UNION.

3. LETTER APPARENTLY CAUSED CONSTERNATION IN LOCAL BANKING CIRCLES, PARTICULARLY IN BRANCHES OF FOREIGN BANKS; ALTHOUGH BANKS HAVE IGNORED REQUEST SO FAR, THERE WAS SPECULATION (AND INFORMAL INQUIRIES TO EMBASSY) AS TO WHETHER IT WAS RESULT OF PRIVATE SIGNAL FROM GOP THAT LEGAL RECOGNITION WAS COMING SHORTLY. BANKS HAVE KNOWN THIS MATTER HAS BEEN HANGING FIRE. THEIR PRINCIPAL

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CONCERN, AS EXPRESSED TO US, IS NOT WITH PROSPECT OF DEALING WITH UNION PER SE, BUT WITH PROBABILITY THEY SEE THAT IT WOULD BE HIGHLY POLITICIZED ORGANIZATION INTE Q ON GAIMHIG#ACTUAL CONTROL OVER BANKS' OPERATIONS; FOR THIS REASON, BANKS HAVE UNANIMOUSLY OPPOSED LEGAL RECOGNITION OF UNION, WITH SOME SAYING PRIVATELY THAT THEY MIGHT GO SO FAR AS TO LEAVE PANAMA IF IT WERE GRANTED. COMMENT: WE DO NOT PERCEIVE MUCH CHANCE OF THIS HAPPENING UNLESS AND UNTIL UNION NOT ONLY EXISTED, BUT BECAME IMPEDIMENT TO BANK

OPERATIONS SIGNIFICANT ENOUGH TO BALANCE OTHER ADVANTAGES OF OPERATING IN PANAMA SUCH AS LIBERAL BANKING LEGISLATION AND REGULATION, AND USE OF DOLLAR CURRENCY WITH NO SIGNIFICANT FOREIGN EXCHANGE RESTRICTIONS. END COMMENT.

4. FOLLOWING RECEIPT OF LETTER, WE WERE TOLD THAT IN MEETING FOR OTHER REASONS BETWEEN PRESIDENT LAKAS AND BANK OFFICIALS, FORMER MADE STATEMENT TO EFFECT THAT THERE WOULD "NEVER" BE A BANK WORKERS UNION IN PANAMA. APPARENTLY TO FOLLOW THIS UP, BANKS ARE REPORTED TO HAVE APPROACHED MINISTER OF LABOR SEEKING STATEMENT FROM HIM THAT LEGAL RECOGNITION WOULD NOT BE GRANTED. CTRP SECRETARY GENERAL, ANXIOUS TO AVOID PROBABLE REPERCUSSIONS OF SUCH STATEMENT ON BANK WORKERS' ALLEGIANCE TO CONFEDERATION, HAS SOUGHT BUT NOT YET RECEIVED ASSURANCE FROM LABOR MINISTER THAT NO SUCH STATEMENT WOULD BE ISSUED; HE IS SEEKING TO MEET AGAIN WITH TORRIJOS TO PRECLUDE PUBLIC STATEMENT AND AGAIN PRESS FOR LEGAL RECOGNITION.

5. IN VIEW OF FEARS BY BANKS THAT UNION MIGHT BE OVERLY POLITICIZED, CTRP SECRETARY GENERAL DEAN BUTCHER OFFERED TO MAKE HIMSELF AVAILABLE FOR INFORMAL DISCUSSION WITH BANKING LEADERS TO HEAR OUT THEIR CONCERNS AND, IF POSSIBLE, TO ALLAY SOME OF THEIR FEARS ABOUT TYPE OF TRADE UNIONISM WITH WHICH THEY WOULD HAVE TO DEAL. BANK LEADERS HAVE INDICATED TO US THAT THEY WOULD BE INTERESTED IN SUCH A SESSION AND WILL TRY TO ARRANGE IT.

6. COMMENT: EMBASSY ASSESSMENT IS THAT IF BANKS EXPRESS THEMSELVES STRONGLY ENOUGH IN OPPOSITION TO UNION, GOP WILL PROBABLY BE WILLING TO RESIST CTRP INDEFINITELY ON LEGAL RECOGNITION; INTEREST OF GOP IN BANKS, NOW NUMBERING 72, OVERSHADOWS, ORGANIZED LABOR'S RELATIVELY MINOR POLITICAL CLOUT ON ISSUE SUCH AS THIS, PROVISIONS OF LABOR CODE TO CONTRARY NOTWITHSTANDING. ON OTHER HAND, SOONER OR LATER WE PERCEIVE REAL CHANCE THAT

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BANK UNION WILL GIVE UP ON CTRP AND TRY FOR PATRON ELSEWHERE; IN THESE CIRCUMSTANCES, IT WOULD ALMOST CERTAINLY SEE CNTP AS ITS BEST BET. GOP HAS ALREADY WARNED CNTP AWAY FROM TRYING TO ORGANIZE BANK WORKERS ONCE, IN 1972, BUT WITH PROSPECT OF ACCESSION OF RELATIVELY ORGANIZED, ALBEIT UNRECOGNIZED, UNION IN SENSITIVE SECTOR SUCH AS BANKING, CNTP AND PDP (PANAMA'S COMMUNIST PARTY) COULD PROBABLY BE EXPECTED TO TRY AGAIN WITH TORRIJOS, AND, DEPENDING ON EXTENT OF LATTER'S SHORT-TERM POLITICAL NEED FOR THEM AT TIME, THEY MIGHT SUCCEED. THIS OUTCOME WOULD, OBVIOUSLY, NOT BE IN BEST INTERESTS OF U.S. BANKS OPERATING IN PANAMA, AS DISADVANTAGES OF COMMUNIST-CONTROLLED UNION SITTING WITHIN BANKS'S CONSIDERABLE OPERATIONS BOTH IN PANAMA AND OFFSHORE ARE OBVIOUS. WE INTEND, ON BASIS OF INITIATIVE FROM U.S. BANK REPS, QUIETLY TO FACILITATE TO EXTENT POSSIBLE COMMUNICATION BETWEEN BANKS AND CTRP LEADERSHIP

TO LESSEN POSSIBILITY THAT, BY DEFAULT, RECOGNITION IS GIVEN
EVENTUALLY TO A CNTP-DOMINATED BANK WORKERS' UNION.
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